

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 1353 Go Green Florida
SPONSOR(S): Energy & Utilities Policy Committee and Mayfield
TIED BILLS: None. IDEN./SIM. BILLS: SB 2326

Table with 4 columns: REFERENCE, ACTION, ANALYST, STAFF DIRECTOR. Row 1: Energy & Utilities Policy Committee, 23 Y, 0 N, As CS, Whittier, Collins.

SUMMARY ANALYSIS

The bill creates a Go Green Florida specialty license plate, which will have a \$25 annual use fee, and authorizes 70 percent of the funds generated from the tag fee to be used to fund the Solar Energy System Incentives Program, currently administered by the Florida Energy and Climate Commission.

Specialty tags must be specifically authorized by law. Section 320.08053, F.S., establishes requirements that organizations must meet to create a new specialty license plate, including a scientific survey performed by an independent survey firm indicating that 30,000 motor vehicle owners would purchase the proposed plate at the increased cost; long- and short-term marketing plans addressing revenues and expenditures; a \$60,000 application fee; and a request for the particular specialty license plate being sought, describing the proposed specialty license plate in specific terms, including a sample plate that conforms to the specifications set by the Department of Highway Safety and Motor Vehicles (DHSMV) and this chapter, and that is in substantially final form.

According to the DHSMV, the Go Green Florida sponsoring organization submitted its letter of intent prior to May 2, 2008, and met all the necessary requirements. The survey was approved by the University of West Florida and validated by the Auditor General's Office.

The fiscal impact of this bill is approximately \$60,000 to the DHSMV for implementation of the new specialty license plate. The fiscal impact will be offset by the application fee of \$60,000 paid to DHSMV by the sponsoring organization.

HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives:

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Specialty License Plates

Specialty tags must be specifically authorized by law. Section 320.08053, F.S., establishes requirements that organizations must meet to create a new specialty license plate, including a scientific survey performed by an independent survey firm indicating that 30,000 motor vehicle owners would purchase the proposed plate at the increased cost; long- and short-term marketing plans addressing revenues and expenditures; a \$60,000 application fee; and a request for the particular specialty license plate being sought, describing the proposed specialty license plate in specific terms, including a sample plate that conforms to the specifications set by the Department of Highway Safety and Motor Vehicles (DHSMV) and this chapter, and that is in substantially final form.

In 2008, the Legislature passed SB 1992, which included a moratorium on the issuance of specialty plates by DHSMV. The moratorium is effective from October 1, 2008, to July 1, 2011, but contains an exception for [any] specialty license plate proposal which has submitted a letter of intent to the Department of Highway Safety and Motor Vehicles prior to May 2, 2008.¹

Currently, the state does not have a Go Green Florida license plate.

Coalition for Renewable Energy Solutions, Inc.

The Coalition for Renewable Energy Solutions, Inc. (Coalition), is a Florida non-profit organization based in Palm Gardens, and was founded to “create, encourage and support productive public-private relationships in the pursuit of a sustainable world...[and] to assist in encouraging the development of ideas, informed education and the implementation of programs regarding viable renewable energy and ‘Green’ solutions, including solar energy.” It is governed by a five-member board of directors who possess varying backgrounds, such as environmental sciences, transportation, and education.²

According to the Coalition, their mission statement is “[t]o support innovative educational partnerships and programs that foster Green initiatives.” The Coalition’s goals are the following:

¹ See 2008-176, L.O.F.

² Correspondence from the Coalition for Renewable Energy Solutions, Inc., March 30, 2009.

- Enhance public knowledge and awareness of the concepts of environmental citizenship and literacy
 - By calling on state and national leaders in environmental education and program development to help institutions and citizens understand their environmental roles and take action through specific state programs.
- Create sustainable support for vital public environmental programs
 - By pursuing government and industry affinity programs (e.g., hybrid automobile manufacturers) and other potential sponsorship grants and contracts.³

Florida Energy and Climate Commission/Solar Energy Systems Incentives Program

The Florida Energy and Climate Commission (FECC or commission) was created by the Legislature in 2008, through HB 7135, to provide a single entity that would develop, coordinate, and implement energy policies for the state. The bill combined a majority of the energy-area duties and responsibilities of the State Energy Office within the Department of Environmental Protection, and the statutory powers, duties and functions, records, personnel, property, and unexpended balances of appropriations, allocations, and other funds for the administration of the Florida Energy Commission into the FECC.

In accordance with s. 377.6015, F.S., the commission is comprised of nine members and must meet at least six times a year. A commission member must be an expert in one or more of the following fields:

- Energy,
- Natural resource conservation,
- Economics,
- Engineering,
- Finance,
- Law,
- Transportation and land use,
- Consumer protection,
- State energy policy, or
- Another field which is substantially related to the duties and functions of the commission.

The FECC administers the Solar Energy System Incentives Program (solar rebate program),⁴ which was created by the 2006 Legislature in the *Florida Renewable Energy Technologies and Energy Efficiency Act* to provide financial incentives for the purchase and installation of solar energy systems. Specifically, from July 1, 2006, through June 30, 2010, any state resident who purchases and installs a new solar energy system of 2 kilowatts or larger for a solar photovoltaic system; a solar energy system that provides at least 50 percent of a building's hot water consumption for a solar thermal system; or a solar thermal pool heater is eligible for a rebate on a portion of the purchase price of that system. Applications for rebates must be made within 120 days of the purchase.

The program provides the following incentives:

- A rebate of \$4 a watt is provided for the purchase and installation of a solar photovoltaic system of 2 kilowatts or larger on a home or business. The rebate is capped at \$20,000 for a residence and \$100,000 for a place of business, a publicly owned or operated facility, or a facility owned or operated by a private, not-for-profit organization.
- A rebate of \$500 is provided for the purchase and installation of a solar thermal water heater per residence. Businesses, publicly owned or operated facilities, or facilities owned or operated by

³ Ibid.

⁴ See s. 377.806, F.S.

private, not-for-profit organizations that have a commercial-sized system are to be paid \$15 per 1000 Btus produced. The maximum allowable rebate is \$5,000.

- A rebate of \$100 is provided for the purchase and installation of a solar thermal pool heater.

The law currently provides that if the funds are depleted before a fiscal year is completed, the state is to continue to accept applications, placing the applicants on a waiting list to have priority, should the program be funded again the following fiscal year.⁵ The solar rebate program has proven to be very popular, as evidenced by the quick depletion of funding appropriated for rebates. For example, in FY 2008-2009, \$5 million were appropriated for the program and the funding was exhausted before the fiscal year began on July 1, 2008. In FYs 2007-2008 and 2006-2007, \$3.5 million and \$2.5 million were appropriated, respectively. According to the Florida Energy and Climate Commission, funding was exhausted prior to the end of each of those two fiscal years.

Effect of Proposed Changes

The bill creates a Go Green Florida specialty license plate which will have a \$25 annual use fee. According to the Department of Highway Safety and Motor Vehicles (DHSMV), the Go Green Florida sponsoring organization submitted its letter of intent prior to May 2, 2008, and met all the necessary requirements. The survey was approved by the University of West Florida and validated by the Auditor General's Office.

Annual use fees collected from the sale of this license plate are to be distributed to the Coalition for Renewable Energy Solutions, Inc. (Coalition). After reimbursement for documented costs expended to establish the plates, the proceeds of the annual use fees are to be distributed as follows:

- Five percent is to be used by the Coalition for administrative costs directly associated with the management and distribution of the proceeds.
- Up to 25 percent is to be used by the Coalition for the continuing promotion and marketing of the license plate.
- 70 percent is to be used to fund the Solar Energy System Incentives Program, pursuant to s. 377.806, F.S., as directed by the Florida Energy and Climate Commission, and may be remitted on a quarterly basis based on a calculation of fees collected.

The DHSMV is directed to develop the plate. The word "Florida" is to appear at the top of the plate, "Go Green" is to appear on the bottom of the plate, and the Go Green Florida emblem or logo must appear on the plate. The Go Green Florida emblem or logo may be used as a decal by the DHSMV in recognition of energy-efficient vehicle usage and practices.

The Coalition is to submit financial records and statements for all expenditures related to the program to the Auditor General's Office no later than 60 days after the end of each fiscal year.

B. SECTION DIRECTORY:

Section 1. Amends s. 320.08056, F.S., regarding specialty license plates.

Section 2. Amends s. 320.08058, F.S., regarding specialty license plates.

Section 3. Provides an effective date of October 1, 2009.

⁵ See Section 377.806(6), F.S.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

	<u>FY 09-10</u>	<u>FY10-11</u>	<u>FY 11-12</u>
1. Revenues:			
Non-Recurring			
Highway Safety Operating TF:			
Application Fee	<u>\$60,000</u> ⁶	<u>\$0</u>	<u>\$0</u>
Total Revenues	\$60,000	\$0	\$0
2. Expenditures:			
Non-Recurring			
Highway Safety Operating TF:			
Salaries and Benefits	\$15,000	\$0	\$0
Programming Costs	\$7,600	\$0	\$0
Purchase of License Plates	<u>\$36,900</u> ⁷	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$59,500	\$0	\$0

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:
None.

2. Expenditures:
None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Individuals who apply for a Go Green Florida license plate will be required to pay a \$25 annual use fee. It is unknown how many people will purchase the plates because the sale of this license plate will be based on public interest. Therefore, the aggregate impact to the private sector cannot be determined.

D. FISCAL COMMENTS:

The fiscal impact to the Department of Highway Safety and Motor Vehicles is offset by the statutory application fee of \$60,000, which has been submitted by the Coalition for Renewable Energy Solutions, Inc., for the creation of this specialty license plate. If the specialty license plate is not approved by the Legislature, the application fee will be refunded.

Comments by the Coalition for Renewable Energy Solutions, Inc.

Because of the expected favorable financial support that the proposed 'Go Green' specialty plate would generate, coupled with the Short-Term and Long-Term Marketing Plans provided by [the Coalition for Renewable Energy Solutions, Inc.], we conservatively estimate that the following sales will result. We are assuming that the initial sales of the license plate will occur on January 1, 2010....

⁶ This is the application fee required by s. 320.08053, F.S. These funds cover the administrative costs associated with developing and implementing the specialty license plate.

⁷ A standard startup order is 15,000 plates.

Calendar Year of Sales	2010	2011	2012	2013	2013
New plate sales	12,000	16,500	18,000	19,000	20,000
Renewals	0	11,750	27,000	40,000	50,000
Annual Quantity Sold	12,000	28,250	45,000	59,000	70,000
Annual Revenue	\$525,000	\$706,250	\$1,125,000	\$1,475,000	\$1,750,000

NOTE: Assumptions made are that a majority of new plate purchasers will renew their specialty license plates for up to five years, there may be some attrition in the follow-on years, which is not reflected in the table above, resulting from selling of vehicles, out-of-state relocations and/or owners that change to another style of license plate when they are forced to replace their actual plate under existing rules requiring replacement after five years.⁸

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable because the bill does not appear to: require counties or cities to spend funds or take action requiring the expenditure of funds; reduce the authority that cities or counties have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with cities or counties.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES

On March 24, 2009, the Energy & Utilities Policy Committee passed a strike-all amendment which amended the bill to address simply the creation of a Go Green Florida specialty license plate and changed the destination of the proceeds from an awards and recognition program to the existing Solar Energy Systems Incentive Program, currently administered by the Florida Energy and Climate Commission.

⁸ Correspondence from the Coalition for Renewable Energy Solutions, Inc., March 30, 2009.